

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT

OF

BAUGO COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

03/16/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barbara Cloud	07-01-06 to 06-30-09
Business Manager	Terry Hilyard	07-01-06 to 06-30-09
Superintendent of Schools	Jerry H. Cook James DuBois	07-01-06 to 12-31-08 01-01-09 to 06-30-12
President of the School Board	Edward Collins Allen Johnson David A. Polston	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE BAUGO COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baugo Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the pre-scribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 25, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 25, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE BAUGO COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baugo Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 25, 2009

BAUGO COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Net (Disbursement) Receipts and Changes in Net Assets
Governmental activities:				
Instruction	\$ 7,764,283	\$ -	\$ 67,845	\$ (7,696,438)
Support services	5,781,323	378,568	276,619	(5,126,136)
Community services	237,507	-	-	(237,507)
Nonprogrammed charges	497,242	-	-	(497,242)
Debt service	<u>5,032,402</u>	<u>-</u>	<u>-</u>	<u>(5,032,402)</u>
Total government	<u>\$ 19,312,757</u>	<u>\$ 378,568</u>	<u>\$ 344,464</u>	<u>(18,589,725)</u>
General receipts:				
Property taxes				5,063,645
Other local sources				1,263,534
State aid				7,314,565
Bonds and loans				2,553,181
Grants and contributions not restricted to specific programs				493,389
Sale of property, adjustments, and refunds				19,518
Investment earnings				<u>161,658</u>
Total general receipts				<u>16,869,490</u>
Change in net assets				(1,720,235)
Net assets - beginning				<u>3,848,234</u>
Net assets - ending				<u>\$ 2,127,999</u>
<u>Assets</u>				
Cash and investments				\$ 1,702,890
Restricted assets:				
Cash and investments				<u>425,109</u>
Total assets				<u>\$ 2,127,999</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 425,109
Unrestricted				<u>1,702,890</u>
Total net assets				<u>\$ 2,127,999</u>

The notes to the financial statements are an integral part of this statement.

BAUGO COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 7,884,091	\$ -	\$ 102,638	\$ (7,781,453)
Support services	6,793,939	414,462	320,942	(6,058,535)
Community services	249,087	-	-	(249,087)
Nonprogrammed charges	1,058,199	-	-	(1,058,199)
Debt service	6,148,104	-	-	(6,148,104)
Total government	\$ 22,133,420	\$ 414,462	\$ 423,580	(21,295,378)
General receipts:				
Property taxes				9,310,750
Other local sources				792,396
State aid				7,462,035
Bonds and loans				2,820,203
Grants and contributions not restricted to specific programs				436,515
Sale of property, adjustments, and refunds				16,213
Investment earnings				152,062
Total general receipts				20,990,174
Change in net assets				(305,204)
Net assets - beginning				2,127,999
Net assets - ending				\$ 1,822,795
<u>Assets</u>				
Cash and investments				\$ 1,416,824
Restricted assets:				
Cash and investments				405,971
Total assets				\$ 1,822,795
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 405,971
Unrestricted				1,416,824
Total net assets				\$ 1,822,795

The notes to the financial statements are an integral part of this statement.

BAUGO COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 2,484,069	\$ 498,086	\$ 2,219,266	\$ 1,169,267	\$ 67,597	\$ 428,541	\$ 6,866,826
Intermediate sources	16	-	-	113	-	450	579
State sources	7,368,811	-	-	-	-	108,088	7,476,899
Federal sources	-	-	-	-	-	675,519	675,519
Bonds and loans	1,087,070	382,000	-	1,006,027	78,084	-	2,553,181
Sale of property, adjustments and refunds	9,580	514	167	5,663	-	3,594	19,518
Total receipts	<u>10,949,546</u>	<u>880,600</u>	<u>2,219,433</u>	<u>2,181,070</u>	<u>145,681</u>	<u>1,216,192</u>	<u>17,592,522</u>
Disbursements:							
Current:							
Instruction	7,322,646	-	-	-	-	441,637	7,764,283
Support services	2,588,576	826,738	148	1,705,802	(356)	660,415	5,781,323
Community services	237,507	-	-	-	-	-	237,507
Nonprogrammed charges	478,422	-	-	-	-	18,820	497,242
Debt services	780,611	268,942	3,435,968	446,147	23,208	77,526	5,032,402
Total disbursements	<u>11,407,762</u>	<u>1,095,680</u>	<u>3,436,116</u>	<u>2,151,949</u>	<u>22,852</u>	<u>1,198,398</u>	<u>19,312,757</u>
Excess (deficiency) of receipts over disbursements	<u>(458,216)</u>	<u>(215,080)</u>	<u>(1,216,683)</u>	<u>29,121</u>	<u>122,829</u>	<u>17,794</u>	<u>(1,720,235)</u>
Cash and investments - beginning	<u>952,002</u>	<u>305,192</u>	<u>1,641,792</u>	<u>454,675</u>	<u>(38,431)</u>	<u>533,004</u>	<u>3,848,234</u>
Cash and investments - ending	<u>\$ 493,786</u>	<u>\$ 90,112</u>	<u>\$ 425,109</u>	<u>\$ 483,796</u>	<u>\$ 84,398</u>	<u>\$ 550,798</u>	<u>\$ 2,127,999</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 493,786	\$ 90,112	\$ -	\$ 483,796	\$ 84,398	\$ 550,798	\$ 1,702,890
Restricted assets:							
Cash and investments	-	-	425,109	-	-	-	425,109
Total cash and investment assets - ending	<u>\$ 493,786</u>	<u>\$ 90,112</u>	<u>\$ 425,109</u>	<u>\$ 483,796</u>	<u>\$ 84,398</u>	<u>\$ 550,798</u>	<u>\$ 2,127,999</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 425,109	\$ -	\$ -	\$ -	\$ 425,109
Unrestricted	493,786	90,112	-	483,796	84,398	550,798	1,702,890
Total cash and investment fund balance - ending	<u>\$ 493,786</u>	<u>\$ 90,112</u>	<u>\$ 425,109</u>	<u>\$ 483,796</u>	<u>\$ 84,398</u>	<u>\$ 550,798</u>	<u>\$ 2,127,999</u>

The notes to the financial statements are an integral part of this statement.

BAUGO COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 3,685,185	\$ 822,899	\$ 3,496,941	\$ 2,017,574	\$ 96,470	\$ 489,737	\$ 10,608,806
Intermediate sources	8	-	-	-	-	60,855	60,863
State sources	7,531,203	-	-	-	-	144,120	7,675,323
Federal sources	2,345	-	-	390	-	644,073	646,808
Bonds and loans	1,651,324	497,112	-	613,163	58,604	-	2,820,203
Sale of property, adjustments and refunds	12,059	110	-	557	-	3,487	16,213
Total receipts	<u>12,882,124</u>	<u>1,320,121</u>	<u>3,496,941</u>	<u>2,631,684</u>	<u>155,074</u>	<u>1,342,272</u>	<u>21,828,216</u>
Disbursements:							
Current:							
Instruction	7,437,832	-	-	-	-	446,259	7,884,091
Support services	3,028,921	846,330	-	1,908,021	186,644	824,023	6,793,939
Community services	249,087	-	-	-	-	-	249,087
Nonprogrammed charges	948,199	-	-	-	-	110,000	1,058,199
Debt services	1,087,936	386,701	3,516,079	1,007,578	72,284	77,526	6,148,104
Total disbursements	<u>12,751,975</u>	<u>1,233,031</u>	<u>3,516,079</u>	<u>2,915,599</u>	<u>258,928</u>	<u>1,457,808</u>	<u>22,133,420</u>
Excess (deficiency) of receipts over disbursements	<u>130,149</u>	<u>87,090</u>	<u>(19,138)</u>	<u>(283,915)</u>	<u>(103,854)</u>	<u>(115,536)</u>	<u>(305,204)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	27,553	27,553
Transfers out	-	-	-	-	-	(27,553)	(27,553)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>130,149</u>	<u>87,090</u>	<u>(19,138)</u>	<u>(283,915)</u>	<u>(103,854)</u>	<u>(115,536)</u>	<u>(305,204)</u>
Cash and investments - beginning	<u>493,786</u>	<u>90,112</u>	<u>425,109</u>	<u>483,796</u>	<u>84,398</u>	<u>550,798</u>	<u>2,127,999</u>
Cash and investments - ending	<u>\$ 623,935</u>	<u>\$ 177,202</u>	<u>\$ 405,971</u>	<u>\$ 199,881</u>	<u>\$ (19,456)</u>	<u>\$ 435,262</u>	<u>\$ 1,822,795</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 623,935	\$ 177,202	\$ -	\$ 199,881	\$ (19,456)	\$ 435,262	\$ 1,416,824
Restricted assets:							
Cash and investments	-	-	405,971	-	-	-	405,971
Total cash and investment assets - ending	<u>\$ 623,935</u>	<u>\$ 177,202</u>	<u>\$ 405,971</u>	<u>\$ 199,881</u>	<u>\$ (19,456)</u>	<u>\$ 435,262</u>	<u>\$ 1,822,795</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 405,971	\$ -	\$ -	\$ -	\$ 405,971
Unrestricted	623,935	177,202	-	199,881	(19,456)	435,262	1,416,824
Total cash and investment fund balance - ending	<u>\$ 623,935</u>	<u>\$ 177,202</u>	<u>\$ 405,971</u>	<u>\$ 199,881</u>	<u>\$ (19,456)</u>	<u>\$ 435,262</u>	<u>\$ 1,822,795</u>

The notes to the financial statements are an integral part of this statement.

BAUGO COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Fund (Retirement/ Severance Bond)	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ 41,202	\$ 200
Investment earnings:		
Interest	<u>-</u>	<u>24</u>
Total additions	<u>41,202</u>	<u>224</u>
Deductions:		
Benefits	4,082	-
Administrative and general	<u>-</u>	<u>5,000</u>
Total deductions	<u>4,082</u>	<u>5,000</u>
Excess (deficiency) of total additions over total deductions	37,120	(4,776)
Cash and investment fund balance - beginning	<u>166,650</u>	<u>14,380</u>
Cash and investment fund balance - ending	<u>\$ 203,770</u>	<u>\$ 9,604</u>
Net assets:		
Cash and investments	<u>\$ 203,770</u>	<u>\$ 9,604</u>

The notes to the financial statements are an integral part of this statement.

BAUGO COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Fund (Retirement/ Severance Bond)	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ 178	\$ 13,643
Investment earnings:		
Interest	-	29
	178	13,672
Total additions		
	178	13,672
Deductions:		
Administrative and general	-	2,500
	-	2,500
Excess of total additions over total deductions	178	11,172
Cash and investment fund balance - beginning	203,770	9,604
Cash and investment fund balance - ending	\$ 203,948	\$ 20,776
Net assets:		
Cash and investments	\$ 203,948	\$ 20,776

The notes to the financial statements are an integral part of this statement.

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Baugo Community Schools

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Ventures

The School Corporation is a participant with eleven other school corporations of Elkhart and St. Joseph Counties in a joint venture to operate a Head Start Consortium (Consortium) which was created to develop, operate, participate and supervise a Head Start Program to serve the pre-school student populations of the participating corporations. The Consortium's continued existence depends on continued funding through a federal grant program. Participating school corporations are required to provide 'in-kind' services (transportation and classroom, gymnasium and playground space) to meet the grant requirements. No fees are assessed the school corporation for the operation of this program. The School Corporation may be obligated for the debts of the Consortium should they not be covered by the grant. Complete financial statements for the Head Start Consortium can be obtained from South Bend Community School Corporation at 215 South St. Joseph Street, South Bend, Indiana, 46601.

Baugo Community Schools is a member of the Elkhart County Special Education Cooperative (ECSEC), a joint venture with five other Elkhart County Public School Corporations. The ECSEC was formed for the purpose of providing services to handicapped students of the six school corporations in the most efficient manner possible (Special Education Program). Baugo Community Schools also is a member of the Elkhart County Education Interlocal, a joint venture with four of the same five Elkhart County Public School Corporations as the ECSEC. The Interlocal provides programs for students who have difficulty learning in a traditional setting (Alternative School Program). The operations of the Interlocal are managed by the superintendents of each school (Board of Directors), a Treasurer and Assistant Treasurer. The ECSEC and the Alternative School Program are administered by Goshen Community Schools. Funding for the operations of the Interlocal shall include grants and/or charges to the participating members. The joint ventures' continued existence depends on continued funding by the School Corporation. Complete financial statements for the joint ventures can be obtained from the administrative offices of Goshen Community Schools at 613 E. Purl Street, Goshen, Indiana, 46526.

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is a participant with numerous other school corporations in a joint venture to operate the Northern Indiana Educational Services Center (NIESC) which was created to develop, operate and supervise selected educational services. The School Corporation is obligated by contract to remit annually a share based on ADM to supplement the NIESC. The NIESC's existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of the NIESC. Complete financial statements for the NIESC can be obtained from the Administrative offices at 56535 Magnetic Drive, Mishawaka, Indiana, 46545.

The School Corporation is a participant with thirty school corporations in a joint venture to operate North Central Energy Cooperative (NEC), which was created to procure natural gas in an economical and efficient manner. The School Corporation is obligated by contract to remit its share of the expenses. Complete financial statements for NEC can be obtained from their administrative offices at 59040 Minuteman Way, Elkhart, Indiana, 46517.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. At this time, the School Corporation has not established any business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust fund account for the activities of the retirement/severance fund, which accumulates resources for retiree severance payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit various individuals.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As of January 1, 2008, the Department of Education has mandated a change in the chart of accounts used by the school corporation. These changes have caused expenses to be allocated in a manner that is not consistent with reporting prior to January 1, 2008. This change does not affect the total amount of expenses, only the allocation of the expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Due to assessment delays, property taxes were not billed and collected timely by the County Treasurer and available for distribution to the School Corporation. As of June 30, 2008, the School Corporation had received \$865,984. The School Corporation would normally receive half of their 2008 tax distributions prior to June 30 which is an estimated \$4,575,000.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Title V 2005-2006	\$ 3,121	\$ 3,121
P.L. 101-476 5220	34,111	-
Retirement Severance	34,927	76,345
Title I 4100	-	3,017
P.L. Grant SPED (Goshen)	-	48,439
Title II Improvement State	-	1,118

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation's deposit policy for custodial credit risk is to comply with statutes governing deposits. At June 30, 2007 and 2008, the School Corporation had deposit balances in the amount of \$2,341,373 and \$2,047,519, respectively. Of this amount, the following was exposed to custodial credit risk:

	2007	2008
Uninsured deposits collateralized with securities held by the pledging financial institution	\$ 1,277,222	\$ 1,851,687

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
Other Governmental Funds	Other Governmental Funds	\$ -	\$ 27,553

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund. Short-term debt activity for the years ended June 30, 2007 and June 30, 2008, was as follows:

<u>Fiscal Year 2006-2007</u>	Beginning Balance	Issued/ Draws	Redeemed Repayments	Ending Balance
General	\$ 780,611	\$ 1,087,070	\$ 780,611	\$ 1,087,070
Transportation Operating	258,158	382,000	268,942	371,216
Capital Projects	446,147	1,006,027	446,147	1,006,027
School Bus Replacement	17,408	78,084	23,208	72,284
Totals	<u>\$ 1,502,324</u>	<u>\$ 2,553,181</u>	<u>\$ 1,518,908</u>	<u>\$ 2,536,597</u>
 <u>Fiscal Year 2007-2008</u>				
General	\$ 1,087,070	\$ 1,651,324	\$ 1,087,070	\$ 1,651,324
Transportation Operating	371,216	497,112	386,375	481,953
Capital Projects	1,006,027	613,163	1,006,027	613,163
Other Governmental	72,284	58,604	72,284	58,604
Totals	<u>\$ 2,536,597</u>	<u>\$ 2,820,203</u>	<u>\$ 2,551,756</u>	<u>\$ 2,805,044</u>

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

Until December 31, 2007, the risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Risk Pool

Effective January 1, 2008, the School Corporation joined with other governmental entities to form the Educational Service Centers Risk Funding Trust (ESCRFT), a public entity risk pool currently operating as a common risk management and insurance program for twenty-three member governmental entities. This risk pool was formed in 2007. The purpose of the risk pool is to provide a medium for the funding and administration of risks of loss related to torts; theft of, damage

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The School Corporation pays an annual premium to the risk pool for its coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$250,000,000 for property damage, up to \$5,000,000 for liability, and statutory limits for workers' compensation.

B. Holding Corporations

The School Corporation has entered into a capital lease with Multi-School Building Corporation and Baugo School Building Corporation (the lessors). The lessors were organized as not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related parties of the School Corporation. Lease payments during the years ended June 30, 2007 and 2008, totaled \$2,663,700 and \$3,680,500, respectively.

C. Subsequent Events

Beginning in 2009, the State General Fund, as part of the basic grant distribution shall pay to each school corporation, an amount sufficient to provide all funding for the General and Special Education Pre-School Funds. At the local level, no property taxes will be collected for the benefit of these funds. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any school corporation by the amount of the payment to be made in 2009 by the State.

D. Termination Benefits

The School Corporation offers severance pay to employees with a minimum of 15 years of service with the corporation. The severance pay is calculated based on unused sick leave for some employees and based on unused sick leave and years of service for other employees. During the years ended June 30, 2007 and 2008, the School Corporation paid no severance pay to employees.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

BAUGO COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
 Harrison Building, Room 800
 143 West Market Street
 Indianapolis, IN 46204
 Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

Actuarial Information for the Above Plan

Annual required contribution	\$ 111,652
Interest on net pension obligation	(12,833)
Adjustment to annual required contribution	<u>14,624</u>
Annual pension cost	113,443
Contributions made	<u>94,316</u>
Increase in net pension obligation	19,127
Net pension obligation, beginning of year	<u>(177,010)</u>
Net pension obligation, end of year	<u><u>\$ (157,883)</u></u>

Contribution rates:	
School Corporation	6.13%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06-30-05	\$ 83,474	127%	\$ (191,180)
06-30-06	108,159	87%	(177,010)
06-30-07	113,443	83%	(157,883)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.00% and 7.25% of covered wages for the years ended June 30, 2007 and 2008, respectively. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$189,756, \$166,369, and \$152,237, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

BAUGO COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 1,293,818	\$ 1,458,077	\$ (164,259)	89%	\$ 1,696,270	(10%)
07-01-06	1,382,864	1,432,464	(49,600)	97%	1,658,548	(3%)
07-01-07	1,578,614	1,612,156	(33,542)	98%	1,657,750	(2%)

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Pre-School	Rainy Day	Cafeteria	Textbook Rental	Levy Excess	Education License Plate
Receipts:						
Local sources	\$ 7,754	\$ -	\$ 301,558	\$ 116,906	\$ -	\$ -
Intermediate sources	-	-	-	-	-	450
State sources	56,492	-	9,573	28,424	-	-
Federal sources	-	-	238,622	-	-	-
Sale of property, adjustments and refunds	-	-	3,521	73	-	-
Total receipts	<u>64,246</u>	<u>-</u>	<u>553,274</u>	<u>145,403</u>	<u>-</u>	<u>450</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	576,733	83,682	-	-
Nonprogrammed charges	18,820	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>18,820</u>	<u>-</u>	<u>576,733</u>	<u>83,682</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>45,426</u>	<u>-</u>	<u>(23,459)</u>	<u>61,721</u>	<u>-</u>	<u>450</u>
Cash and investments - beginning	<u>69,605</u>	<u>97,517</u>	<u>70,362</u>	<u>31,655</u>	<u>157,354</u>	<u>2,807</u>
Cash and investments - ending	<u>\$ 115,031</u>	<u>\$ 97,517</u>	<u>\$ 46,903</u>	<u>\$ 93,376</u>	<u>\$ 157,354</u>	<u>\$ 3,257</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 115,031</u>	<u>\$ 97,517</u>	<u>\$ 46,903</u>	<u>\$ 93,376</u>	<u>\$ 157,354</u>	<u>\$ 3,257</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 115,031</u>	<u>\$ 97,517</u>	<u>\$ 46,903</u>	<u>\$ 93,376</u>	<u>\$ 157,354</u>	<u>\$ 3,257</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	School Safe Haven	Gifted and Talented 3070	Technical Assistance Grant	Technical Assistance Agreement	Medicaid Reimbursement State	Non-English Speaking 3690
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	13,404	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	13,404	-	-	-	-
Disbursements:						
Current:						
Instruction	-	13,454	-	-	-	-
Support services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	13,454	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(50)	-	-	-	-
Cash and investments - beginning	1	50	19,000	17,514	5,960	701
Cash and investments - ending	<u>1</u>	<u>-</u>	<u>19,000</u>	<u>17,514</u>	<u>5,960</u>	<u>701</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>1</u>	<u>-</u>	<u>19,000</u>	<u>17,514</u>	<u>5,960</u>	<u>701</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>1</u>	<u>-</u>	<u>19,000</u>	<u>17,514</u>	<u>5,960</u>	<u>701</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	School Technology	Non-English Speaking 3710	Non-English Speaking 3730	Performance Based Awards 3750	Performance Based Awards 3790	Netday Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	195	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	195	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	195	-	-	-	-
Cash and investments - beginning	3,474	826	1,299	2,966	499	500
Cash and investments - ending	<u>\$ 3,474</u>	<u>\$ 1,021</u>	<u>\$ 1,299</u>	<u>\$ 2,966</u>	<u>\$ 499</u>	<u>\$ 500</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 3,474</u>	<u>\$ 1,021</u>	<u>\$ 1,299</u>	<u>\$ 2,966</u>	<u>\$ 499</u>	<u>\$ 500</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 3,474</u>	<u>\$ 1,021</u>	<u>\$ 1,299</u>	<u>\$ 2,966</u>	<u>\$ 499</u>	<u>\$ 500</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title I 2004-2005	Title I 2005-2006	Title V 2005-2006	P.L. 101-476 2002-2003	P.L. 101-476 5220	Drug Free Schools
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	63,365	-	-	304,550	6,242
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>63,365</u>	<u>-</u>	<u>-</u>	<u>304,550</u>	<u>6,242</u>
Disbursements:						
Current:						
Instruction	-	68,786	-	-	304,555	-
Support services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>68,786</u>	<u>-</u>	<u>-</u>	<u>304,555</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(5,421)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>6,242</u>
Cash and investments - beginning	<u>4,687</u>	<u>1,215</u>	<u>(3,121)</u>	<u>6,910</u>	<u>(34,106)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,687</u>	<u>\$ (4,206)</u>	<u>\$ (3,121)</u>	<u>\$ 6,910</u>	<u>\$ (34,111)</u>	<u>\$ 6,242</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 4,687</u>	<u>\$ (4,206)</u>	<u>\$ (3,121)</u>	<u>\$ 6,910</u>	<u>\$ (34,111)</u>	<u>\$ 6,242</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 4,687</u>	<u>\$ (4,206)</u>	<u>\$ (3,121)</u>	<u>\$ 6,910</u>	<u>\$ (34,111)</u>	<u>\$ 6,242</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Carl Perkins 2004-2005	Medicaid Reimbursement Federal	Title II Improvement State	Title II Part D	Retirement/ Severance	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,323	\$ 428,541
Intermediate sources	-	-	-	-	-	450
State sources	-	-	-	-	-	108,088
Federal sources	6,034	-	55,854	852	-	675,519
Sale of property, adjustments and refunds	-	-	-	-	-	3,594
Total receipts	<u>6,034</u>	<u>-</u>	<u>55,854</u>	<u>852</u>	<u>2,323</u>	<u>1,216,192</u>
Disbursements:						
Current:						
Instruction	6,034	-	48,808	-	-	441,637
Support services	-	-	-	-	-	660,415
Nonprogrammed charges	-	-	-	-	-	18,820
Debt services	-	-	-	-	77,526	77,526
Total disbursements	<u>6,034</u>	<u>-</u>	<u>48,808</u>	<u>-</u>	<u>77,526</u>	<u>1,198,398</u>
Excess (deficiency) of receipts over disbursements	-	-	7,046	852	(75,203)	17,794
Cash and investments - beginning	-	11,188	23,865	-	40,276	533,004
Cash and investments - ending	<u>\$ -</u>	<u>\$ 11,188</u>	<u>\$ 30,911</u>	<u>\$ 852</u>	<u>\$ (34,927)</u>	<u>\$ 550,798</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ 11,188</u>	<u>\$ 30,911</u>	<u>\$ 852</u>	<u>\$ (34,927)</u>	<u>\$ 550,798</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ 11,188</u>	<u>\$ 30,911</u>	<u>\$ 852</u>	<u>\$ (34,927)</u>	<u>\$ 550,798</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Pre-School	Rainy Day	Cafeteria	Textbook Rental	Levy Excess	Education License Plate
Receipts:						
Local sources	\$ 13,142	\$ -	\$ 319,435	\$ 121,052	\$ -	\$ -
Intermediate sources	-	60,517	-	-	-	338
State sources	50,123	-	9,801	50,724	-	-
Federal sources	-	-	258,072	-	-	-
Sale of property, adjustments and refunds	-	-	3,487	-	-	-
Total receipts	<u>63,265</u>	<u>60,517</u>	<u>590,795</u>	<u>171,776</u>	<u>-</u>	<u>338</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	1,527	618,157	194,554	-	-
Nonprogrammed charges	110,000	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>110,000</u>	<u>1,527</u>	<u>618,157</u>	<u>194,554</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(46,735)</u>	<u>58,990</u>	<u>(27,362)</u>	<u>(22,778)</u>	<u>-</u>	<u>338</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(46,735)</u>	<u>58,990</u>	<u>(27,362)</u>	<u>(22,778)</u>	<u>-</u>	<u>338</u>
Cash and investments - beginning	<u>115,031</u>	<u>97,517</u>	<u>46,903</u>	<u>93,376</u>	<u>157,354</u>	<u>3,257</u>
Cash and investments - ending	<u>\$ 68,296</u>	<u>\$ 156,507</u>	<u>\$ 19,541</u>	<u>\$ 70,598</u>	<u>\$ 157,354</u>	<u>\$ 3,595</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 68,296</u>	<u>\$ 156,507</u>	<u>\$ 19,541</u>	<u>\$ 70,598</u>	<u>\$ 157,354</u>	<u>\$ 3,595</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 68,296</u>	<u>\$ 156,507</u>	<u>\$ 19,541</u>	<u>\$ 70,598</u>	<u>\$ 157,354</u>	<u>\$ 3,595</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	School Safe Haven	Gifted and Talented 3020	Technical Assistance Grant	Technical Assistance Agreement	Medicaid Reimbursement State	Non-English Speaking 3690
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	33,472	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	33,472	-	-	-	-
Disbursements:						
Current:						
Instruction	-	33,418	-	-	-	-
Support services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	33,418	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	54	-	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(17,514)	-	(701)
Total other financing sources (uses)	-	-	-	(17,514)	-	(701)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	54	-	(17,514)	-	(701)
Cash and investments - beginning	1	-	19,000	17,514	5,960	701
Cash and investments - ending	<u>\$ 1</u>	<u>\$ 54</u>	<u>\$ 19,000</u>	<u>\$ -</u>	<u>\$ 5,960</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 1</u>	<u>\$ 54</u>	<u>\$ 19,000</u>	<u>\$ -</u>	<u>\$ 5,960</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 1</u>	<u>\$ 54</u>	<u>\$ 19,000</u>	<u>\$ -</u>	<u>\$ 5,960</u>	<u>\$ -</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	School Technology	Non-English Speaking 3710	Non-English Speaking 3730	Technology Grant	Performance Based Awards 3750	Performance Based Awards 3790
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Other financing sources (uses):						
Transfers in	-	2,000	-	17,514	1,520	-
Transfers out	-	(1,021)	(1,299)	-	-	(499)
Total other financing sources (uses)	-	979	(1,299)	17,514	1,520	(499)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	979	(1,299)	17,514	1,520	(499)
Cash and investments - beginning	3,474	1,021	1,299	-	2,966	499
Cash and investments - ending	\$ 3,474	\$ 2,000	\$ -	\$ 17,514	\$ 4,486	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,474	\$ 2,000	\$ -	\$ 17,514	\$ 4,486	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 3,474	\$ 2,000	\$ -	\$ 17,514	\$ 4,486	\$ -

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Economic Grant	Netday Grant	Title I 4100	Title I 2004-2005	Title I 2005-2006	Title V 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	50,948	-	-	2,169
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	50,948	-	-	2,169
Disbursements:						
Current:						
Instruction	-	-	54,445	-	-	-
Support services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	54,445	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	(3,497)	-	-	2,169
Other financing sources (uses):						
Transfers in	500	-	480	-	4,687	-
Transfers out	-	(500)	-	(4,687)	(480)	-
Total other financing sources (uses)	500	(500)	480	(4,687)	4,207	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	500	(500)	(3,017)	(4,687)	4,207	2,169
Cash and investments - beginning	-	500	-	4,687	(4,206)	-
Cash and investments - ending	\$ 500	\$ -	\$ (3,017)	\$ -	\$ 1	\$ 2,169
Cash and Investment Assets - Ending						
Cash and investments	\$ 500	\$ -	\$ (3,017)	\$ -	\$ 1	\$ 2,169
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 500	\$ -	\$ (3,017)	\$ -	\$ 1	\$ 2,169

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title V 2005-2006	Title V 4270	P.L. 101-476 2002-2003	P.L. 101-476 5220	P.L. Grant SPED (Goshen)	Drug Free Schools
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	5,779	-	61,099	238,760	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	5,779	-	61,099	238,760	-
Disbursements:						
Current:						
Instruction	-	-	-	15,076	287,199	-
Support services	-	6,631	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	6,631	-	15,076	287,199	-
Excess (deficiency) of receipts over disbursements	-	(852)	-	46,023	(48,439)	-
Other financing sources (uses):						
Transfers in	-	852	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	852	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	46,023	(48,439)	-
Cash and investments - beginning	(3,121)	-	6,910	(34,111)	-	6,242
Cash and investments - ending	<u>\$ (3,121)</u>	<u>\$ -</u>	<u>\$ 6,910</u>	<u>\$ 11,912</u>	<u>\$ (48,439)</u>	<u>\$ 6,242</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ (3,121)</u>	<u>\$ -</u>	<u>\$ 6,910</u>	<u>\$ 11,912</u>	<u>\$ (48,439)</u>	<u>\$ 6,242</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ (3,121)</u>	<u>\$ -</u>	<u>\$ 6,910</u>	<u>\$ 11,912</u>	<u>\$ (48,439)</u>	<u>\$ 6,242</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Carl Perkins 2004-2005	Medicaid Reimbursement Federal	Title II Improvement State	Title II Part D	Retirement/ Severance	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 36,108	\$ 489,737
Intermediate sources	-	-	-	-	-	60,855
State sources	-	-	-	-	-	144,120
Federal sources	4,827	-	22,419	-	-	644,073
Sale of property, adjustments and refunds	-	-	-	-	-	3,487
Total receipts	4,827	-	22,419	-	36,108	1,342,272
Disbursements:						
Current:						
Instruction	4,827	-	51,294	-	-	446,259
Support services	-	-	3,154	-	-	824,023
Nonprogrammed charges	-	-	-	-	-	110,000
Debt services	-	-	-	-	77,526	77,526
Total disbursements	4,827	-	54,448	-	77,526	1,457,808
Excess (deficiency) of receipts over disbursements	-	-	(32,029)	-	(41,418)	(115,536)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	27,553
Transfers out	-	-	-	(852)	-	(27,553)
Total other financing sources (uses)	-	-	-	(852)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(32,029)	(852)	(41,418)	(115,536)
Cash and investments - beginning	-	11,188	30,911	852	(34,927)	550,798
Cash and investments - ending	<u>\$ -</u>	<u>\$ 11,188</u>	<u>\$ (1,118)</u>	<u>\$ -</u>	<u>\$ (76,345)</u>	<u>\$ 435,262</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 11,188</u>	<u>\$ (1,118)</u>	<u>\$ -</u>	<u>\$ (76,345)</u>	<u>\$ 435,262</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 11,188</u>	<u>\$ (1,118)</u>	<u>\$ -</u>	<u>\$ (76,345)</u>	<u>\$ 435,262</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	<u>Coach Skirvin Memorial</u>	<u>Food Service Scholarship</u>	<u>Business Scholarship</u>	<u>Hilyard Family</u>	<u>Evelyn Fawley Memorial</u>
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ 200	\$ -
Investment earnings:					
Interest	<u>-</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>-</u>	<u>24</u>	<u>-</u>	<u>200</u>	<u>-</u>
Deductions:					
Administrative and general	<u>-</u>	<u>2,500</u>	<u>500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	-	(2,476)	(500)	200	-
Cash and investment fund balance - beginning	<u>105</u>	<u>10,381</u>	<u>1,300</u>	<u>-</u>	<u>17</u>
Cash and Investments - ending	<u>\$ 105</u>	<u>\$ 7,905</u>	<u>\$ 800</u>	<u>\$ 200</u>	<u>\$ 17</u>
Net assets:					
Cash and investments	<u>\$ 105</u>	<u>\$ 7,905</u>	<u>\$ 800</u>	<u>\$ 200</u>	<u>\$ 17</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	JHS Service Scholarship	General Heindselman Memorial	Teacher Credit Union Membership	Donation Harold Zeigler Ford	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ -	\$ 200
Investment earnings:					
Interest	-	-	-	-	24
Total additions	-	-	-	-	224
Deductions:					
Administrative and general	-	2,000	-	-	5,000
Excess (deficiency) of total additions over total deductions	-	(2,000)	-	-	(4,776)
Cash and investment fund balance - beginning	72	2,000	5	500	14,380
Cash and Investments - ending	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 9,604</u>
Net assets:					
Cash and investments	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 9,604</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	<u>Donation</u>	<u>Coach Skirvin Memorial</u>	<u>Food Service Scholarship</u>	<u>Business Scholarship</u>	<u>Hilyard Family</u>
Additions:					
Contributions:					
Other	\$ 10,000	\$ -	\$ 1,043	\$ -	\$ 2,600
Investment earnings:					
Interest	-	-	29	-	-
Total additions	<u>10,000</u>	<u>-</u>	<u>1,072</u>	<u>-</u>	<u>2,600</u>
Deductions:					
Administrative and general	-	-	500	500	1,500
Excess (deficiency) of total additions over total deductions	10,000	-	572	(500)	1,100
Cash and investment fund balance - beginning	-	105	7,905	800	200
Cash and Investments - ending	<u>\$ 10,000</u>	<u>\$ 105</u>	<u>\$ 8,477</u>	<u>\$ 300</u>	<u>\$ 1,300</u>
Net assets:					
Cash and investments	<u>\$ 10,000</u>	<u>\$ 105</u>	<u>\$ 8,477</u>	<u>\$ 300</u>	<u>\$ 1,300</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Evelyn Fawley Memorial	JHS Service Scholarship	Teacher Credit Union Membership	Donation Harold Zeigler Ford	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ -	\$ 13,643
Investment earnings:					
Interest	-	-	-	-	29
Total additions	-	-	-	-	13,672
Deductions:					
Administrative and general	-	-	-	-	2,500
Excess (deficiency) of total additions over total deductions	-	-	-	-	11,172
Cash and investment fund balance - beginning	17	72	5	500	9,604
Cash and Investments - ending	<u>\$ 17</u>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 20,776</u>
Net assets:					
Cash and investments	<u>\$ 17</u>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 20,776</u>

BAUGO COMMUNITY SCHOOLS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

As of June 30, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 43,253,551
Improvements other than buildings	1,404,471
Machinery and equipment	<u>2,611,605</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 47,269,627</u>

BAUGO COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
1999 Building	\$ 275,000	\$ 200,000
2001 Refunding	1,640,000	1,131,875
2005 Refunding	31,615,000	1,944,000
Notes and loans payable:		
Common School Loan	259,706	103,882
Bonds payable:		
General obligation bonds:		
1998 Construction	180,000	187,830
2004 Pension	1,600,000	132,526
Installment payment contract:		
Energy savings contract	456,104	474,796
Total governmental activities debt	<u>\$ 36,025,810</u>	<u>\$ 4,174,909</u>

BAUGO COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at June 30, 2008:

Fund	2007	2008
Title V 2005-2006	\$ 3,121	\$ 3,121
P.L. 101-476 5220	34,111	-
Retirement Severance	34,927	76,345
Title I 4100	-	3,017
P.L. Grant SPED (Goshen)	-	48,439
Title II Improvement State	-	1,118

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE BAUGO COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Compliance

We have audited the compliance of the Baugo Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 25, 2009

BAUGO COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 6-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	2260	\$ 45,820	\$ 52,041
National School Lunch Program	10.555	2260	<u>228,432</u>	<u>254,405</u>
Total for federal grantor agency			<u>274,252</u>	<u>306,446</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Goshen Community Schools				
Special Education Cluster				
Special Education - Grants to States	84.027			
		06-07	304,555	15,076
		07-08	<u>-</u>	<u>287,199</u>
Total for program			<u>304,555</u>	<u>302,275</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010			
		06-07	68,786	-
		07-08	<u>-</u>	<u>54,445</u>
Total for program			<u>68,786</u>	<u>54,445</u>
Pass-Through Elkhart Community Schools				
Career and Technical Education - Basic Grants to States	84.048		<u>6,034</u>	<u>4,827</u>
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs	84.298			
		05-066	<u>-</u>	<u>6,631</u>
Improving Teacher Quality State Grants	84.367			
		06-2260	48,808	-
		07-2260	<u>-</u>	<u>54,448</u>
Total for program			<u>48,808</u>	<u>54,448</u>
Total for federal grantor agency			<u>428,183</u>	<u>422,626</u>
Total federal awards expended			<u>\$ 702,435</u>	<u>\$ 729,072</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

BAUGO COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Baugo Community Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of schools shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
School Breakfast Program	10.553	\$ 195,780	\$ 214,165
National School Lunch Program	10.555	-	4,844

BAUGO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BAUGO COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BAUGO COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2009, with Barbara Cloud, Treasurer; Terry Hilyard, Business Manager; James DuBois, Superintendent of Schools; and Edward Collins, Vice President of the School Board.